25X1A9a 25X1A9a Milliken

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Task Force 1-a -- Statistical Methods in D/S/TF

1. Certain economic information to be supplied by D/S/TF and related branches of ORR is ultimately a number or a series of numbers. Presentation of these numbers, as well as their compilation, is neither in accord with, nor exhausts the possibilities of, standard statistical practices.

2. These practices include certain standard tools, among which might be listed averages, correlation analysis, etc. Material available to allow the use of these tools in most cases exists for the pre-World War II period and in some cases for a limited part of the post-World War II period. Use of these methods would allow the determination of certain basic data on which estimates of the magnitude of current economic phenomena could be more firmly founded. Firmer foundations would result in firmer estimates.

3. These processes, called statistics, also possess certain rules, adequately set forth in any basic text on the subject. These rules, generally, are directed at unambiguous communication between the producer and the consumer of the "number". They are well standardized, for experience in the use of these numbers has pointed out certain man-traps which await the careless user. Generally speaking, in ORR publications and in the TF part of Task Force 1, the rules have not been observed. Hence, unambiguous communication between TF and the consumers of its products is impossible.

4. <u>Recommendations</u>

a. <u>Re Rules:</u> The basic and standard rules of statistical presentation should be followed by all portions of ORR concerned with such processes. This observance of standard rules should be followed by analysts at all levels of production and should ultimately be imposed and enforced by the editorial sections of ORR.

b. <u>Re Methods:</u>

1. The following should be absolutely determined:

a) Extent of data available for determination of those basic measures which are or may be of use in forecasting; i.e., averages of various types, trends, if existant, etc.

b) If data available be sufficient, the measures should be calculated and current estimates examined in their light (if any).

c) Decision should be made as to the actual value of the process to both the reporter and the estimator.

d) If expected value is found to actually exist, a program for full utilization of this type statistical analysis should be laid down for the offices so concerned.

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2. **Correlation analysis:** Correlation analysis presumes a fairly extensive and comprehensive set of time series. If in the above process they be found to exist, work should be done to determine the practicability of adding to the foundations of estimates through this process. The necessary work to so determine would be considerable and the chances of satisfactory results highly conjectural. If high degrees of correlation be found, however, the conjecture of the estimator may be greatly reduced.